

Edgar Filing: BRITISH SKY BROADCASTING GROUP PLC - Form 6-K

BRITISH SKY BROADCASTING GROUP PLC

Form 6-K

February 06, 2008

FORM 6-K

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Report of Foreign Issuer

Pursuant to Rule 13a - 16 or 15d - 16 of
the Securities Exchange Act of 1934

For the month of February 2008
6 February 2008

BRITISH SKY BROADCASTING GROUP PLC
(Name of Registrant)

Grant Way, Isleworth, Middlesex, TW7 5QD England
(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports
under cover of Form 20-F or Form 40-F

Form 20-F X

Form 40-F

Indicate by check mark whether the registrant by furnishing the information
contained in this Form is also thereby furnishing the information to the
Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934

Yes

No X

If "Yes" is marked, indicate below the file number assigned to the registrant in
connection with Rule 12g3-2(b): Not Applicable

This report is incorporated by reference in the prospectus contained in the
Registration Statements on Form F-3 (SEC File No.333-08246) and Form F-3/S-3
(SEC File No.333-106837) filed by the Registrant under the Securities Act
of 1933.

EXHIBIT INDEX

Edgar Filing: BRITISH SKY BROADCASTING GROUP PLC - Form 6-K

Exhibit

EXHIBIT NO. 1 Press release of British Sky Broadcasting Group plc
announcing US Accounting Press Release released on
6 February 2008

BRITISH SKY BROADCASTING GROUP PLC
Results for the half year ended 31 December 2007

Consolidated condensed financial information

Consolidated Income Statement for the half year ended 31 December 2007

| | Notes | 2007/08 Half year GBP million | 2006/07 Half year GBP million | 2006/07 Full year GBP million |
|---|-------|-------------------------------------|-------------------------------------|-------------------------------------|
| Revenue | 2 | 2,458 | 2,220 | |
| Operating expense | 3 | (2,163) | (1,825) | |
| Operating profit | | 295 | 395 | |
| Share of results of joint ventures and associates | | 8 | 6 | |
| Investment income | | 19 | 24 | |
| Finance costs | | (82) | (69) | |
| Profit on disposal of joint venture | 4 | 67 | - | |
| Impairment of available-for-sale investment | 5 | (343) | - | |
| (Loss) profit before tax | | (36) | 356 | |
| Taxation | | (76) | (110) | |
| (Loss) profit for the period | | (112) | 246 | |
| (Loss) earnings per share from (loss) profit for the period (in pence) | | | | |
| Basic | 6 | (6.4p) | 14.0p | |
| Diluted | 6 | (6.4p) | 14.0p | |

Consolidated Statement of Recognised Income and Expense for the half year ended

Edgar Filing: BRITISH SKY BROADCASTING GROUP PLC - Form 6-K

31 December 2007

| | 2007/08 Half year GBP million | 2006/07 Half year GBP million | 2005/06 Full year GBP million |
|---|-------------------------------------|-------------------------------------|-------------------------------------|
| (Loss) profit for the period | (112) | 246 | |
| Net movement reported directly in equity | | | |
| Cash flow hedges | 9 | 21 | |
| Tax on cash flow hedges | (3) | (6) | |
| Loss on available-for-sale investments | (192) | (207) | |
| Transfer to profit on impairment of available-for-sale investment | 343 | - | |
| | 157 | (192) | |
| Total recognised income and expense for the period | 45 | 54 | |

Consolidated Income Statement for the three months ended 31 December 2007

| | 2007/08 Three months ended 31 December GBP million |
|---|--|
| Revenue | 1,273 |
| Operating expense | (1,121) |
| EBITDA | 214 |
| Depreciation and amortisation | (62) |
| Operating profit | 152 |
| Share of results from joint ventures and associates | 5 |
| Investment income | 4 |
| Finance costs | (42) |
| Profit on disposal of joint venture | 67 |
| Impairment of available-for-sale investment | (343) |
| (Loss) profit before tax | (157) |

Edgar Filing: BRITISH SKY BROADCASTING GROUP PLC - Form 6-K

| | | |
|-------------------------------|--|-------|
| Taxation | | (39) |
| (Loss) profit for the quarter | | (196) |

| | | |
|--|--|--------|
| Earnings per share from (loss) profit for the quarter (in pence) | | |
| Basic and diluted | | (11.2) |

The consolidated income statement for the three months ended 31 December 2007 is not extracted from the Group's Interim Management Report for the period ended 31 December 2007.

Consolidated Balance Sheet as at 31 December 2007

| | Notes | 31 December 2007 GBP million | 31 December 2006 GBP million |
|--|-------|------------------------------------|------------------------------------|
| <hr style="border-top: 1px dashed black;"/> | | | |
| Non-current assets | | | |
| Goodwill | | 845 | 659 |
| Intangible assets | | 283 | 209 |
| Property, plant and equipment | | 682 | 593 |
| Investments in joint ventures and associates | | 106 | 31 |
| Available-for-sale investments | | 611 | 771 |
| Deferred tax assets | | 47 | 79 |
| Trade and other receivables | | 36 | - |
| Derivative financial assets | | 8 | - |
| | | 2,618 | 2,342 |
| <hr style="border-top: 1px dashed black;"/> | | | |
| Current assets | | | |
| Inventories | | 664 | 609 |
| Trade and other receivables | | 570 | 568 |
| Short-term deposits | | 1 | 202 |
| Cash and cash equivalents | | 389 | 402 |
| Derivative financial assets | | 5 | 6 |
| | | 1,629 | 1,787 |
| <hr style="border-top: 1px dashed black;"/> | | | |
| Total assets | | 4,247 | 4,129 |
| <hr style="border-top: 1px dashed black;"/> | | | |
| Current liabilities | | | |
| Borrowings | | 98 | 548 |
| Trade and other payables | | 1,627 | 1,469 |
| Current tax liabilities | | 138 | 140 |
| Provisions | | 10 | 4 |
| Derivative financial liabilities | | 21 | 36 |
| | | 1,894 | 2,197 |
| <hr style="border-top: 1px dashed black;"/> | | | |

Edgar Filing: BRITISH SKY BROADCASTING GROUP PLC - Form 6-K

| | | | |
|--|---|-------|-------|
| Non-current liabilities | | | |
| Borrowings | | 2,038 | 1,751 |
| Trade and other payables | | 96 | 63 |
| Provisions | | 37 | 18 |
| Derivative financial liabilities | | 240 | 245 |
| | | 2,411 | 2,077 |
| ----- | | | |
| Total liabilities | | 4,305 | 4,274 |
| ----- | | | |
| Shareholders' (deficit) equity | 8 | (58) | (145) |
| ----- | | | |
| Total liabilities and shareholders' (deficit) equity | | 4,247 | 4,129 |
| ----- | | | |

Consolidated Cash Flow Statement for the half year ended 31 December 2007

| | Notes | 2007/08 Half year GBP million | 2006/07 Half year GBP million |
|--|-------|-------------------------------------|-------------------------------------|
| ----- | | | |
| Cash flows from operating activities | | | |
| Cash generated from operations | 9 | 429 | 36 |
| Interest received | | 22 | 3 |
| Taxation paid | | (80) | (39) |
| Net cash from operating activities | | 371 | 35 |
| ----- | | | |
| Cash flows from investing activities | | | |
| Dividends received from joint ventures and associates | | 5 | |
| Net funding to joint ventures and associates | | (2) | |
| Purchase of property, plant and equipment | | (91) | (131) |
| Purchase of intangible assets | | (62) | (27) |
| Purchase of available-for-sale investments | | (7) | (975) |
| Purchase of subsidiaries (net of cash and cash equivalents purchased) | | (71) | (19) |
| Decrease in short-term deposits | | 14 | 44 |
| Net cash used in investing activities | | (214) | (703) |
| ----- | | | |
| Cash flows from financing activities | | | |
| Proceeds from borrowings | | 54 | 55 |
| Repayment of borrowings | | (8) | (191) |
| Proceeds from disposal of shares in Employee Share Ownership Plan ("ESOP") | | 16 | |
| Purchase of own shares for ESOP | | (23) | (13) |
| Purchase of own shares for cancellation | | - | (214) |
| Interest paid | | (86) | (92) |
| Dividends paid to shareholders | | (156) | (117) |

Edgar Filing: BRITISH SKY BROADCASTING GROUP PLC - Form 6-K

| | | |
|--|-------|-------|
| Net cash used in financing activities | (203) | (69) |
| <hr style="border-top: 1px dashed black;"/> | | |
| Net decrease in cash and cash equivalents | (46) | (414) |
| <hr style="border-top: 1px dashed black;"/> | | |
| Cash and cash equivalents at the beginning of the period | 435 | 81 |
| Cash and cash equivalents at the end of the period | 389 | 40 |
| <hr style="border-top: 1px dashed black;"/> | | |

Notes to the consolidated interim financial statements

1 Basis of preparation

The financial information set out in this press release does not constitute statutory financial statements for the half year ended 31 December 2007, for the purpose of the Companies Act 1985, but is extracted from the condensed consolidated interim financial statements prepared in accordance with IAS 34 'Interim Financial Reporting' ("IAS 34") as presented in the unaudited Interim Management Report dated 31 December 2007. Copies of the Interim Management Report are available from the British Sky Broadcasting web page at www.sky.com/corporate. The financial information for the full year ended 30 June 2007 is extracted from the statutory financial statements for that year. A copy of the statutory accounts has been delivered to the Registrar of Companies. The Group's auditors have reported on those accounts; their reports were unqualified and did not contain statements under s. 237(2) or (3) Companies Act 1985.

Whilst the financial information included in this press release has been prepared in accordance with the recognition and measurement principles of International Financial Reporting Standards ("IFRS"), this announcement does not itself contain sufficient information to comply with IFRS.

The Group maintains a 52 or 53 week fiscal year ending on the Sunday nearest to 30 June in each year. In fiscal year 2008, this date will be 29 June 2008, this being a 52 week year (fiscal year 2007: 1 July 2007, 52 week year). Similarly, the condensed consolidated interim financial statements are based on the Sunday nearest to 31 December in each year. In fiscal year 2008, this date was 30 December 2007 (fiscal year 2007: 31 December 2006) For convenience purposes, the Group continues to date its consolidated financial statements as at 30 June, and its condensed consolidated interim financial statements as at 31 December.

2 Revenue

| | 2007/08 | 2006/07 |
|---|-------------|-------------|
| | Half year | Half year |
| | GBP million | GBP million |
| <hr style="border-top: 1px dashed black;"/> | | |
| Retail subscription | 1,853 | 1,633 |
| Wholesale subscription | 88 | 10 |
| Advertising | 167 | 17 |
| Sky Bet | 24 | 2 |
| Installation, hardware and service | 148 | 11 |

Edgar Filing: BRITISH SKY BROADCASTING GROUP PLC - Form 6-K

| | | |
|-------|-------|------|
| Other | 178 | 16 |
| | 2,458 | 2,22 |

3 Operating expense

| | 2007/08 Half year GBP million | 2006/07 Half year GBP million |
|------------------------------------|-------------------------------------|-------------------------------------|
| Programming | 858 | 74 |
| Transmission and related functions | 254 | 18 |
| Marketing | 405 | 37 |
| Subscriber management | 379 | 31 |
| Administration | 267 | 20 |
| | 2,163 | 1,82 |

Included within programming for the full year ended 30 June 2007 and half year ended 31 December 2006 is a GBP65 million credit due to the Group arising from certain contractual rights under one of the Group's channel distribution agreements. This item was previously disclosed as a contingent asset in the Group's June 2006 financial statements.

Included within administration for the half year ended 31 December 2007 is GBP12 million (2007: half year GBP6 million; full year GBP16 million) of expense relating to legal costs incurred on the Group's ongoing claim against EDS (the information and technology solutions provider (see note 10b)).

4 Profit on disposal of joint venture

On 12 December 2007, the Group sold its 100% stake in BSkyB Nature Limited, the investment holding company for the Group's 50% interest in the NGC-UK Partnership. As consideration for the disposal, the Group received 21% interests in both NGC Network International LLC and NGC Network Latin America LLC (in effect, 21% of National Geographic Channel's television operations outside of the US). This realised a profit on disposal of GBP67 million.

5 Impairment of available-for-sale investment

The impairment of available-for-sale investment relates to the Group's investment in ITV plc ("ITV"). As required by IAS 39, following a review of the carrying value of the investment in ITV at 31 December 2007, the Group has recognised an impairment loss of GBP343 million in the current period. The impairment loss was determined with reference to ITV's closing equity share price of GBP0.87 at 28 December 2007, the last trading day of the Group's fiscal half year, and is attributable to the significant and prolonged decline in the ITV equity share price.

In accordance with IAS 39, the effect of any further decline in the value of the equity share price of ITV will be recognised in the income statement at the relevant future balance sheet date. On 4 February 2008, the equity share price of ITV was GBP0.79.

Edgar Filing: BRITISH SKY BROADCASTING GROUP PLC - Form 6-K

6 Earnings per share

| | 2007/08 Half year Millions of shares | 2006/0 Half ye Millions shar |
|--|---|---------------------------------------|
| ----- | | |
| The weighted average number of shares for the period was | | |
| Ordinary shares | 1,753 | 1,7 |
| ESOP trust ordinary shares | (5) | (|
| Basic shares | 1,748 | 1,7 |
| ----- | | |
| Dilutive ordinary shares from share options | - | |
| Diluted shares | 1,748 | 1,7 |
| ----- | | |

The calculation of diluted (loss) earnings per share excludes 22 million share options (2007: half year 21 million; full year 17 million), which could potentially dilute earnings per share in the future.

Basic and diluted (loss) earnings per share is calculated by dividing loss or profit for the period into the weighted average number of shares for the period. In order to provide a measure of underlying performance, management have chosen to present an adjusted profit for the year which excludes items that may distort comparability. Such items arise from events or transactions that fall within the ordinary activities of the Group but which management believe should be separately identified to help explain underlying performance.

| | 2007/08 Half year GBP million | 2006/0 Half ye GBP millio |
|---|-------------------------------------|---------------------------------|
| ----- | | |
| Reconciliation from (loss) profit for the period to adjusted profit for the period | | |
| (Loss) profit for the period | (112) | 24 |
| Remeasurement of all derivative financial instruments (not qualifying for hedge accounting) | (4) | (8 |
| Amount receivable from channel distribution agreement (see note 3) | - | (65 |
| Legal costs relating to claim against EDS (see note 3) | 12 | |
| Profit on disposal of joint venture | (67) | |
| Impairment of available-for-sale investment | 343 | |
| Tax effect of above items | (2) | 2 |
| Adjusted profit for the period | 170 | 19 |
| ----- | | |

7 Dividends

| | 2007/08 Half year | 2006/0 Half ye |
|-------|----------------------|-------------------|
| ----- | | |

Edgar Filing: BRITISH SKY BROADCASTING GROUP PLC - Form 6-K

GBP million

GBP million

| | | |
|--|-----|----|
| Dividends declared and paid during the period | | |
| 2006 Final dividend paid: 6.70p per ordinary share | - | 11 |
| 2007 Interim dividend paid: 6.60p per ordinary share | - | |
| 2007 Final dividend paid: 8.90p per ordinary share | 156 | |
| | 156 | 11 |

The 2008 interim dividend is 7.1p per ordinary share being GBP125 million. The dividend was proposed after the balance sheet date and is therefore not recognised as a liability as at 31 December 2007.

8 Reconciliation of movement in shareholders' (deficit) equity

| | Share capital GBP Gmillion | Share premium GBP million | ESOP reserve GBP million | Hedging reserve GBP million | Available- for -sale reserve GBP million | Other reserves GBP million | Retained earnings GBP million |
|---|-------------------------------------|------------------------------------|-----------------------------------|--------------------------------------|---|-------------------------------------|--|
| At 1 July 2006 | 896 | 1,437 | (25) | (52) | - | 311 | (2,) |
| Purchase of own shares for cancellation | (20) | - | - | - | - | 20 | (|
| Recognition and transfer of cash flow hedges | - | - | - | 21 | - | - | |
| Tax on items taken directly to equity | - | - | - | (6) | - | - | |
| Revaluation of available-for sale-investment | - | - | - | - | (207) | - | |
| Share-based payment | - | - | 1 | - | - | - | |
| Profit for the period | - | - | - | - | - | - | |
| Dividends | - | - | - | - | - | - | (|
| At 31 December 2006 | 876 | 1,437 | (24) | (37) | (207) | 331 | (2, |
| Recognition and transfer of cash flow hedges | - | - | - | 18 | - | - | |
| Tax on items taken directly to equity | - | - | - | (6) | - | - | |
| Revaluation of available-for-sale investment | - | - | - | - | 56 | - | |
| Share-based payment | - | - | (30) | - | - | - | |
| Profit for the period | - | - | - | - | - | - | |
| Dividends | - | - | - | - | - | - | (|
| At 30 June 2007 | 876 | 1,437 | (54) | (25) | (151) | 331 | (2, |
| Recognition and transfer of cash flow hedges | - | - | - | 9 | - | - | |
| Tax on items taken directly to equity | - | - | - | (3) | - | - | |
| Revaluation of available-for-sale investment | - | - | - | - | (192) | - | |
| Impairment of available-for-sale investment | - | - | - | - | 343 | - | |
| Share-based payment | - | - | 25 | - | - | - | |

Edgar Filing: BRITISH SKY BROADCASTING GROUP PLC - Form 6-K

| | | | | | | |
|---------------------|-----|-------|------|------|---|---------|
| Loss for the period | - | - | - | - | - | - |
| Dividends | - | - | - | - | - | - |
| At 31 December 2007 | 876 | 1,437 | (29) | (19) | - | 331 (2, |

9 Notes to the consolidated cash flow statement

Reconciliation of (loss) profit before taxation to cash generated from operations

| | 2007/08 Half year GBP million | 2006/07 Half year GBP million |
|---|-------------------------------------|-------------------------------------|
| (Loss) profit before tax | (36) | 356 |
| Depreciation of property, plant and equipment | 77 | 58 |
| Amortisation of intangible assets | 43 | 33 |
| Profit on disposal of joint venture | (67) | - |
| Impairment of available-for-sale investments | 343 | - |
| Net finance costs | 63 | 45 |
| Share of results of joint ventures and associates | (8) | (6) |
| | 415 | 486 |
| Increase in trade and other receivables | (95) | (118) |
| Increase in inventories | (264) | (294) |
| Increase in trade and other payables | 366 | 289 |
| Increase (decrease) in provisions | 12 | (3) |
| (Increase) decrease in derivative financial instruments | (5) | 5 |
| Cash generated from operations | 429 | 365 |

10 Other matters

a) Contingent liabilities

In April 2007, Virgin Media Communications Limited, Virgin Media Television Limited and Virgin Media Limited issued proceedings in the High Court in England and Wales against British Sky Broadcasting Group plc and British Sky Broadcasting Limited, alleging that the Group has infringed Article 82 EC and the Chapter II prohibition by pursuing an anticompetitive strategy designed to weaken Virgin Media group, which allegedly entailed: (i) a constructive refusal to supply the Group's basic pay television channels to Virgin Media group for supply via Virgin Media group's cable network in the UK; (ii) a refusal to pay fair prices for the right to carry Virgin Media group's television channels as part of the Group's retail channel offering; and (iii) the Group's purchase of a significant shareholding in ITV (which purchase was, it is alleged, designed principally to damage Virgin Media group's ability to compete in the supply of pay television services, by preventing Virgin Media group from obtaining access to attractive programming content). Virgin Media group seeks from the Court a declaration that the Group occupies a dominant market position in specified pay TV retail and purchasing markets in the UK and that the Group has, by its conduct as alleged, abused its dominant position(s) contrary to Article 82 EC and the Chapter II prohibition on these relevant markets. Virgin Media group also seeks mandatory injunctions requiring the Group to transact with Virgin

Edgar Filing: BRITISH SKY BROADCASTING GROUP PLC - Form 6-K

Media group on fair and/or non-discriminatory terms for the supply of the Group's basic pay television channels to Virgin Media and for the licensing of Virgin Media group's television channels, for on-supply to the Group's subscribers. Virgin Media group also seeks damages to compensate it for its alleged losses arising from the Group's alleged conduct.

The Group intends to defend the proceedings vigorously and submitted its defence to the High Court on 2 July 2007 denying Virgin Media group's allegations that it had infringed Article 82 EC or Chapter II prohibition. A start date for trial has been provisionally set for February 2009. It is, at this stage, too early to estimate the likely outcome of the proceedings.

b) Contingent assets

The Group has served a claim, which is currently being heard in the High Court of Justice, for a material amount against EDS (an information and technology solutions provider) which provided services to the Group as part of the Group's investment in customer management systems software and infrastructure. The amount which may be recovered by the Group will not be finally determined until resolution of the claim.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

BRITISH SKY BROADCASTING GROUP PLC

Date: 6 February 2008

By: /s/ Dave Gormley
Dave Gormley
Company Secretary